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-- The player/recorder 14 is provided with a processor 32 which is connected to a memory 31, a record button 34, a play button 36, a first readable/writeable recording medium 38 a second readable/writeable recording medium 39 and a smart card reader 42. A duplicate key 26 is stored in the memory 31.

With reference to the flowcharts in Figs. 2 – 3, and by way of illustrative example, a user can record an encrypted digital audio signal 28 onto a readable/writeable recording medium 38 for later playback. The recording medium 38 can be any recording medium suitable for digital recording, such as a compact disc, a mini disc, an optical disc or a digital audio tape.--

IN THE CLAIMS:

Please amend claims 1, 10 and 13-15 as follows:

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Sub C1  
1. (Amended) An apparatus for recording and playing a digital signal, comprising:  
a receiver for receiving a digital signal;  
a memory connected to said receiver for storing at least part of said digital signal as it is being received;  
a recorder connected to said receiver for recording onto a first recording medium said digital signal in response to a user request if a predetermined portion of said digital signal is in said memory;  
a player for playing said first recording medium and connected to a card reader;  
and  
a card having a predetermined value for insertion into said card reader;  
wherein when said card is inserted into said card reader, said card reader verifies that said predetermined value is at least a selected minimum value and authorizes said player to play said first recording medium.

B4 Sub C2  
10. (Amended) A method for recording and playing digital signals, comprising:  
receiving an encrypted digital signal;  
storing said encrypted digital signal in a memory device as it is being received;  
determining whether a pre-determined portion of said encrypted digital signal is in said memory device in response to a user request to record said encrypted digital signal;

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recording said encrypted digital signal onto a first recording medium in a recorder and player device if said pre-determined portion of said encrypted digital signal is stored in said memory device;

inserting a card having at least a predetermined value into said recorder and player device;

determining that said predetermined value corresponds to at least a selected minimum value; and

deciphering said encrypted digital signal if said card has said selected minimum value.

Sub C3  
13. (Amended) A method for recording and playing an encrypted digital audio broadcast signal, comprising:

receiving an encrypted digital audio broadcast signal;

storing at least part of said encrypted digital audio broadcast signal in a memory device as it is being received;

electing to record said encrypted digital audio broadcast signal onto a first recording medium;

determining whether a predetermined portion of said encrypted digital audio broadcast signal is in said memory device; and

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recording said encrypted digital audio broadcast signal onto said first recording medium if said predetermined portion of said encrypted digital audio broadcast signal is stored in said memory device.

14. (Amended) The method as claimed in claim 13, wherein said encrypted digital audio broadcast signal is not recorded if said predetermined portion of said encrypted digital audio broadcast signal is not stored in said memory device.

15. (Amended) The method of claim 13, further comprising the steps of:

inserting a card provided with a monetary amount into a card reader connected to said recorder and player;

verifying that said monetary amount corresponds to a selected minimum value; and

deciphering said encrypted digital audio broadcast signal on said first recording medium if said card has said selected minimum value.